Title: Need to waive off the interest levied on overdue loans of farmers during 2 years moratorium period under comprehensive Debt-Relief Package implemented in the year 2004-05 -Laid.

SHRI KINJARAPU YERRANNAIDU (SRIKAKULAM): Government of India had in the year 2004, announced and implemented comprehensive debt relief package for farmers who suffered due to successive natural calamities in the debt relief package implemented in the year 2004-05, the overdue loans together with interest as on 31.3.2004 were rescheduled and were ordered to be repaid in 3 equal installments with an initial moratorium period of 2 years. The interest during the initial moratorium period of 2 years was also ordered to be repaid along with the three installments of the rescheduled amounts. During the 2 years moratorium period there was no repayment of loan. But interest was leviable @ 11% per annum. Thus, the 22% (11% X 2 years) of interest during the 2 years moratorium period will be an additional burden on the farmers.

The present special package is purported to be further liberalization of the debt relief package of the year 2004, in order to provide relief to the farmers in the 16 identified districts. However, a view appears to have been taken that the overdue loans and overdue interest which were rescheduled in the year 2004 are not yet due for repayment in view of the initial moratorium of 2 years and, therefore, the same cannot be treated as overdue as on 30th June, 2006 and consequently such amounts be treated as ineligible for inclusion under the present special package. This is purely a technical reason.